


# Arrangements Described in IRC Section 457(b)



These are retirement type arrangements which may be offered to employees of:


- 1) STATE/LOCAL GOVERNMENT  
EMPLOYERS
- 2) TAX EXEMPT EMPLOYERS

# 457(b) Effect - 403(b) Plans




- Coordination of 403(b) Elective Deferrals: IRC 457 (c)(2)(A).
- This means that all salary deferrals to 403(b) and 401(k) plans for the same participant are considered as contributions to the 457(b) plan for purposes of applying the contribution limits of 457(b).

# 457(b) Effect - 403(b) Plans



- Count 457(b) contributions as prior year employer contributions for Exclusion Allowance: 457 (c)(2).
- Prior year 457(b) contributions are treated as “amounts previously excluded” in the Maximum Exclusion Allowance.

# 457(b) Effect - 403(b) Plans



- Count 457(b) contributions as prior year contributions in 402(g)(8)(A)(iii) catch-up calculation: 457 (c)(2).
- This may reduce your 403(b) Catch-up contributions (additional elective deferrals for long term employees) if you made 457(b) contributions in prior years.



For further information, please go to the  
Employee Plans Corner (Internet) at:

<http://www.irs.gov/ep>